

## EXECUTIVE SUMMARY

The Water Infrastructure Finance Authority of Arizona (WIFA) Board of Directors is pleased to release **Arizona's Clean Water Revolving Fund (CWRF) Intended Use Plan (IUP) for the 2007 funding cycle**. The CWRF IUP describes WIFA's plan to utilize various sources of funds to finance water reclamation, wastewater, and related water quality infrastructure during the 2007 funding cycle from January 1, 2007 through December 31, 2007.

Included as *Exhibit A* of the CWRF IUP is the **2007 Priority List (PL)**. The PL shows communities seeking financial assistance from Arizona's CWRF. At the release of this report, communities throughout Arizona submitted **18 applications requesting \$197,732,213 in financial assistance**.

From January 1, 2007 through December 31, 2007, the WIFA Board of Directors will use the PL as a guide to allocate financial assistance from Arizona's CWRF to communities listed in the PL. Each board meeting, the WIFA Board of Directors may revise the PL and modify the fundable range for construction based on project readiness to proceed and other new information. WIFA staff will post the revised PL on the WIFA Web site ([www.azwifa.gov](http://www.azwifa.gov)).

Overall, the financial assistance and related program activities by Arizona's CWRF support the national program goal of **clean and safe water** and the national objective to **protect and improve water quality** (EPA IFMS PRC: 202B80E).

## SECTION 1: LENDING CAPACITY

During the 2007 funding cycle, the lending capacity of Arizona's CWRP will depend on the:

1. Amount of state contributions to Arizona's CWRP;
2. Amount of federal contributions to Arizona's CWRP;
3. Financing structure needs of communities;
4. Interest rate on the CWRP financial assistance; and
5. WIFA's ability to partner with other funding sources to jointly-finance projects.
6. Leveraging capability of fund.

The financial assistance and related program activities by Arizona's CWRP support the national objective to protect and improve water quality (EPA IFMS PRC: 202B80E).

## SECTION 2: FUNDING SOURCES AND USES

Arizona's CWRP is capitalized by state contributions and by contributions appropriated by the U.S. Congress. Once capitalized, Arizona's CWRP provides, in perpetuity, financial assistance to communities throughout Arizona.

**Through active portfolio and financial management, WIFA's lending capacity could be increased during the funding cycle by leveraging the revolving fund and by issuing water quality bonds.**

During the 2007 funding cycle, Arizona's CWRP will rely on the funding outlined in Table 1 to provide financial and technical assistance to communities and support WIFA's operations. Each of the intended uses of funding is more fully described on the next page.

**Table 1: Arizona CWRP Sources & Uses for 2007 Funding Cycle**

	Federal Contributions	State Contributions*	WIFA Loan Accounts	Total
<b>Funding Sources</b>				
Financial Assistance Funds**	\$ -	\$ -	\$ 34,185,483	\$ 34,185,483
2006 Funds	\$ 7,202,000	\$ 1,440,400	\$ -	\$ 8,642,400
<b>Total Funding Sources</b>	<b>\$ 7,202,000</b>	<b>\$ 1,440,400</b>	<b>\$ 34,185,483</b>	<b>\$ 42,827,883</b>
<b>Funding Uses</b>				
Financial Assistance Loans	\$ 6,913,920	\$ 1,440,400	\$ 34,185,483	\$ 42,539,803
Administration	\$ 288,080	\$ -	\$ -	\$ 288,080
<b>Total Funding Uses</b>	<b>\$ 7,202,000</b>	<b>\$ 1,440,400</b>	<b>\$ 34,185,483</b>	<b>\$ 42,827,883</b>

\* State match can be either WIFA bonds or state general fund monies.

\*\* During the funding cycle, WIFA may sell water quality revenue bonds of which the proceeds will used to increase WIFA's lending capacity

The sources and uses for the 2007 funding cycle shown in Table 1 are based on the FY 2007 federal and state budgets. The federal appropriation for the CWRP in 2007 is \$886,759,000 million of which .684 percent is available to WIFA.

**Financial Assistance: \$42,539,803**

WIFA will provide cash funded loans for financial assistance.

**Administration: \$288,080**

WIFA intends to use four percent (4%) of the 2007 federal contributions to offset the costs of administering Arizona's CWRP and assist communities to conceive, develop, expedite, construct, and finance technically sound and sustainable water reclamation, wastewater and related water quality infrastructure.

### SECTION 3: GOALS

WIFA adopts an annual strategic plan listing goals, ongoing objectives, and annual objectives. The goals listed below are taken directly from the WIFA 2006-2007 Strategic Plan. For additional detail on goals, ongoing objectives and annual objectives, please request a copy of the 2006-2007 WIFA Strategic Plan from WIFA's Communications Director, (602) 364-1314.

**Goal 1:** Award WIFA's resources in accordance with the needs of Arizona's citizens.

**Goal 2:** Maintain the fiscal integrity of WIFA's funds and assure continuous enhancement for future generations.

**Goal 3:** Facilitate access to and efficiently deliver financial and technical assistance.

**Goal 4:** Coordinate with other funding sources, technical resources, and regulatory authorities, and private sector legal and financial counterparts.

**Goal 5:** Actively pursue a leadership role in water infrastructure finance.

**Goal 6:** Efficiently administer WIFA within a positive work environment.

**Goal 7:** Facilitate and encourage board of directors' involvement in WIFA.

### SECTION 4: METHOD AND CRITERIA FOR DISTRIBUTING ARIZONA'S CWRP

**Lending Capacity for 2007 Funding Cycle** – If there are insufficient projects ready to proceed during the 2007 funding cycle, WIFA will apply funds to the fiscal year 2008 funding cycle project priority list. If additional funding becomes available during the fiscal year, WIFA will expand the fundable range of the 2007 funding cycle project priority list.

Each board meeting, the WIFA Board of Directors may update the CWRP PL, fundable range for design and fundable range for construction based on project readiness to proceed, refined project cost estimates, availability of other funding sources, and other new information affecting the expansion and contraction of the PL and fundable ranges. The WIFA Board of Directors will adopt the updated CWRP PL and

fundable ranges at public meetings and will distribute the updates to all CWRP PL applicants and other interested parties via WIFA's Web site.

**Priority List, Exhibit A** – On Wednesday, Oct. 25, 2006, WIFA staff convened a scoring committee including members from the Arizona Department of Environmental Quality, Arizona Small Utilities Association, Rural Community Assistance Corporation, Arizona Corporation Commission and U.S. Department of Agriculture Rural Development. The committee scored and ranked priority list applications submitted by communities pursuant to WIFA's CWRP award criteria. All eligible applications received appear on the 2007 funding cycle priority list.

**Fundable Range for Design, Exhibit B** – Includes the highest ranking applicants ready to receive design assistance during the funding cycle.

**Fundable Range for Construction, Exhibit C** – Includes the highest ranking applicants ready to receive construction assistance.

**Market Loan Rate** – The WIFA Board of Directors has established a target interest rate ranging between 70 % and 95 % of tax-exempt interest rates. The WIFA Board of Directors will set interest rates/subsidies on individual loans pursuant to the:

- ✓ Priority of the project;
- ✓ Local fiscal capacity of the area served by the system requesting assistance; and,
- ✓ Lending capacity of Arizona's CWRP.

Local fiscal capacity will be measured by the area's median household income, user rates and charges, and the community's outstanding debt.

**Binding Commitments** – The WIFA Board of Directors will allocate financial assistance in accordance with CWRP funds available, the CWRP PL, financial assistance requested, a community's financial capacity, and project readiness to proceed.

Once on the CWRP PL, an applicant will submit a project finance application to request financial assistance. WIFA staff will review the project finance application, analyze the applicant's legal, technical, managerial, and financial capability, and provide recommendations to the WIFA Board of Directors. If the WIFA Board of Directors approves an applicant's financial assistance request, WIFA staff will prepare and circulate financial assistance documents to evidence the binding commitment in accordance with applicable federal requirements.

## SECTION 5: PUBLIC REVIEW AND COMMENT

WIFA solicited public review and comment on the draft **2007 CWRP IUP and PL** according to the following schedule of activities:

May 10, 2007	Distribution and Web posting of the draft CWRP IUP and PL to all interested parties.
May 31, 2007	Public Hearing – 1110 West Washington, Room #130, Phoenix, Arizona 85007 at 1 p.m.
May 31, 2007	Deadline for public comments on the draft CWRP IUP and PPL.
June 20, 2007	The WIFA Board of Directors adopts the final CWRP IUP and PPL.
June 20, 2007	Final CWRP IUP and PPL become effective. Distribution and Web posting of Final CWRP IUP and PPL.

## SECTION 6: ASSURANCES

**Files and Records Retention** – WIFA will receive and review project documents from financial assistance applicants. These documents will be filed in official project files maintained by WIFA. The project files and other CWRP records will be made available in accordance with the Arizona public records law.

WIFA will retain the official project files and other CWRP files in accordance with 40 CFR Part 31.

**Expeditious and Timely Expenditures** – In accordance with 40 CFR 35-3135 (d), WIFA will expend CWRP funds in a timely and expeditious manner.

**First Use of Funds** – In accordance with 40 CFR 35-3135 (e), WIFA has satisfied all applicable first use requirements.

**Environmental Review Requirements** – In accordance with 40 CFR 35-3140, WIFA will continue to conduct environmental reviews pursuant to applicable federal and state statutes and rules.

**Exhibit A:**

**2007 Fund Cycle Priority List**

**Arizona's Clean Water Revolving Fund**

Arizona's Clean Water Revolving Fund  
2007 Funding Cycle – Priority List for Clean Water Revolving Fund  
April 2007

Rank	Applicant	Population	Project Title	Project #	Amount Requested	Subsidy Rate Index
1	City of Nogales, AZ	20,833	City of Nogales/IBWC WWTP Upgrade and Expansion	004 2007	\$ 10,000,000	70%
2	Lake Havasu City	10,305	Lake Havasu City Wastewater System Expansion	002 2007	\$ 61,808,653	70%
3	Fawn Brook DWID	350	District Sewering Project	006 2007	\$ 1,345,000	70%
4	Town of Chino Valley	10,000	Chino Meadows Sewer Project	017 2007	\$ 2,835,000	70%
5	Town of Cave Creek	5,000	New Cave Creek Wastewater Treatment Plant	014 2007	\$ 15,000,000	80%
6	Ash Fork Sanitary District	650	Wastewater Collection and Treatment Facilities	003 2007	\$ 2,100,000	75%
7	City of Kingman	14,000	Hilltop Wastewater treatment plant upgrades	015 2007	\$ 31,000,000	80%
8	City of Kingman	2,750	Downtown Wastewater Treatment Plant Upgrade	016 2007	\$ 12,000,000	80%
9	Yavapai-Apache Nation	2,000	Tunli and Clarkdale Wastewater Infrastructure	008 2007	\$ 2,210,560	75%
10	Town of Chino Valley	10,000	Chino Valley Waste Water Expansion Project	012 2007	\$ 2,350,000	75%
11	Town of Sahuarita	8,537	Wastewater Capacity Upgrades	009 2007	\$ 20,000,000	85%
12	Town of Taylor	3,003	Taylor Wastewater Treatment Facility Expansion	005 2007	\$ 1,000,000	80%
13	City of Safford	7,200	Safford Sewer collection reconfiguration	011 2007	\$ 1,800,000	75%
14	Town of Marana	5,000	Silverbell Road Collector System	018 2007	\$ 5,000,000	80%
15	Town of Oro Valley	47,000	Reclaimed Water System Phase 2	007 2007	\$ 6,000,000	85%
16	Pinetop-Lakeside Sanitary District	7,000	Richardson Lane - Paradise Pines Sewer Improvement District	001 2007	\$ 650,000	85%
17	City of Prescott, AZ	40,770	2007 CIP Wastewater System Improvement Projects	013 2007	\$ 4,633,000	85%
18	City of San Luis	23,000	San Luis Main Wastewater Plant Expansion	010 2007	\$ 18,000,000	80%
					<u>\$ 197,732,213</u>	

**Exhibit B:**

**2007 Fund Cycle Fundable Range for Design**

**Arizona's Clean Water Revolving Fund**



**Arizona's Clean Water Revolving Fund**  
**2007 Funding Cycle – Fundable Range for Design Financial Assistance**  
**April 20, 2007**

No borrowers requested design assistance for their projects as of the date of this report.

**Exhibit C:**

**2007 Fund Cycle Fundable Range for Construction**

**Arizona's Clean Water Revolving Fund**

**Arizona's Clean Water Revolving Fund**  
**2007 Funding Cycle -- Fundable Range for Construction Financial Assistance**  
**April 20, 2007**

<b>Fundable Range</b>	<b>Rank</b>	<b>Applicant</b>	<b>Project Title</b>	<b>Project #</b>	<b>Amount Requested</b>
1	2	Lake Havasu City	Lake Havasu City Wastewater System Expansion	002 2007	\$ 61,808,653
2	1	City of Nogales, AZ	City of Nogales/IBWC WWTP Upgrade and Expansion	004 2007	\$ 10,000,000
3	3	Fawn Brook DWID	District Sewering Project	006 2007	\$ 1,345,000
4	6	Yavapai-Apache Nation	Tunli and Clarkdale Wastewater Infrastructure	008 2007	\$ 2,210,560
5	7	Town of Taylor	Taylor Wastewater Treatment Facility Expansion	005 2007	\$ 1,000,000
6	8	Town of Oro Valley	Reclaimed Water System Phase 2	007 2007	\$ 6,000,000
7	10	City of San Luis	San Luis Main Wastewater Plant Expansion	010 2007	\$ 18,000,000

**Exhibit D:**

**Public Review and Comment Summary**

**Arizona's Clean Water Revolving Fund**

**Exhibit D**  
**2007 Funding Cycle – Public Review and Comment; Technical Changes**  
**June 20, 2007**

**SECTION 1: SUMMARY OF COMMENTS FROM PUBLIC HEARING AND PUBLIC MEETINGS**

A public hearing will be conducted in Phoenix at 1110 W. Washington Street, Room 130 from 1:00 p.m. to 2:00 p.m. Thursday, May 31, 2007.

Public comment will be conducted on May 10, 2007 thru May 31, 2007. The public review and written comment period will be posted on the WIFA web site from May 10, 2007 thru May 30, 2007.

**SECTION 2: SUMMARY OF CHANGES TO THE DRAFT CWRF INTENDED USE PLAN**

**SECTION 3: SUMMARY OF CHANGES TO THE DRAFT CWRF PRIORITY LIST**